

HIGHLIGHTS FROM

2015 LEAGUE OF WOMEN VOTERS OF KANSAS E-REPORT # 6

February 20, 2015

Budget: proposed ways to realize revenue

Elections

- SB 171 Local election in the fall, non-partisan
- SB 77 Increase fees to fund Ethics Commission
- HB 2215 Campaign funds transfers
- HB 2213 Contributions allowed increase twofold
- HB 2212 Creation of City party committees

Water

- SB 156 Establishment of ground water gage sites
- SB 120 Damaged land: allow purchase by Wildlife, parks and Tourism
- SB 124 Remove sunset regarding spread of oil/gas drilling waste
- SB 227 Improving Groundwater management relative to local conservation

Education

- Block grant proposal not released

Renewable Energy Standards

- HB 2373 and SB 254 eliminate standards by January 1, 2016
- SB 157 Limits property tax exemption to 10 years
- HB 2319 Gubernatorial authority not Legislative authority to expand

Sales Tax

- HB 2283 Exempts farm products sold at Farmers Market

TURNAROUND weekend

This highlight feature written by Dolores Furtado, President, League of Women Voters of Kansas.

2015 LEAGUE OF WOMEN VOTERS OF KANSAS E-REPORT #7

Paul Johnson – February 20, 2015

WHAT REVENUE RIDDLE?

The revenue debate is moving very slowly. This self-inflicted, structural revenue crisis created by the Governor and Kansas Legislature cannot be fully debated. Neither political party has openly questioned the excessive income tax reductions and offered a clear path to rebalancing revenues for Kansas. The true revenue shortfalls are unknown since Kansas cannot fully assess what the elimination of business income for 192,000 limited liability corporations (LLC's) will finally cost. In writing the rules for the Senate and House, there is no limit on the number of tax bills that can be bundled into one bill and no concern over what the lost revenue may do to the quality of Kansas life. The ruling conservative ethos is to claim victory when government is downsized disregarding any negative impact it may have on the health and safety of the residents.

Over the next few weeks various tax schemes will be floated to solve a \$400 million deficit in the 2016 budget. Politics is about the power to protect your own special tax breaks. While the major farm organizations sat out the debate over eliminating the income tax, the reliance on sales and property tax will increase bringing into play the value of agricultural land (SB 178) and the sales tax exemption on farm machinery. Poor people are the least represented so SB 251 has been introduced to cut the earned income tax credit (EITC) in Kansas from 17% to 8% of the federal EITC and eliminate any refundable portion. Poor people have already lost most of the food sales tax rebate and poor renters lost all homestead property tax relief. With all of the debate over highway funding and transfers to the State General Fund (SGF), there may be a proposal to increase the gas tax by five cents thus redirecting some of the sales tax now pledged to the highway fund. The budget picture may darken further as actual revenue receipts from February, March and April are factored into crafting a balanced budget as mandated by the Kansas constitution. With the unlimited ability to bundle further budget reductions and tax law changes into one mega-package (that has to be voted on just once by each chamber), this political strategy may play out in the veto session after the latest revenue receipts and projections are fully considered.

ELECTION AND CANDIDATE LEGISLATION

Senate Bill 171 has now cleared the Senate Ethics and Elections committee and will be debated on the Senate floor. SB 171 moves local elections to the fall of odd-numbered years. It keeps these local elections non-partisan. This bill does give county election officers the authority to request that certain school buildings will be used as polling places provided a 90 day notice has been sent.

Senate Bill 77 increases certain fees to fund the Governmental Ethics Commission. Filing fees for candidates, political committees and certain lobbyists are increased for the first time since 1990.

The Government Ethics Commission is partly funded by fees and partly from the SGF. As the SGF funding has been reduced, the fee fund has been drawn down so this bill will partially restore some of the funding needs beyond 2017.

House Bill 2215 reverses a Kansas Supreme Court ruling that stated that transfer of funds from one campaign account to another campaign account was a contribution and that such contributions are prohibited between candidates. This ruling came down in 2003. Prior to that 60 candidates had made such transfers and the Governmental Ethics Commission had ruled these transfers were not contributions. This bill amends the Campaign Finance Act by permitting a candidate for state or local office to transfer residual funds from his or her original campaign account to a new campaign account which is established by the candidate when he or she files for a different state or local office. Questions were raised concerning the fairness of raising campaign funds for one office and using those funds for a different state or local office.

House Bill 2213 amends campaign finance and campaign contributions. This bill increases campaign contributions for statewide, legislative, judicial and state board of education races. The bill doubles the contribution amount from national party committees to state party committees and doubles individual contributions to state party committees. The bill allows candidates to solicit campaign contributions for both the primary and general election during the primary but restricts the candidate from using any general election contributions in the primary.

House Bill 2212 permits state party committees to create city party committees to be able to coordinate with candidates. This bill was requested by the Republican State committee. The Democrat State committee opposed the bill saying it would weaken county party committees.

WATER AND ENVIRONMENT LEGISLATION

Senate Bill 156 clarifies that existing Stateline groundwater gage sites established by the Groundwater Management District 3 with help from the Kansas Geological Survey and the United States Geological Survey can be included in the gage sites funded each year by the Arkansas River Gage Fund. State oil and gas lease receipts under the Arkansas River state property from the Stateline through Ford County finances this fund. These gage sites up stream to the Stateline are important data sites to measure and manage all Kansas water supply from the Arkansas River basin originating in Colorado and crossing into Kansas. These gages measure changes and differences in water quantity and water quality. \$75,000 has been dedicated to this Fund for these gages but as budget deficits increased \$20,000 was redirected to a livestock marketing report. The Senate Natural Resources committee amended the amount taken from the Fund to \$95,000 to cover the cost of the livestock marketing report. This \$20,000 would have gone to the SGF so a Senate floor debate may challenge this amendment.

Senate Bill 120 concerns land purchases by the Kansas Department of Wildlife, Parks and Tourism (KDWPT). By existing law, KDWPT must get legislative approval to buy any tract of land over 320 acres. This bill would exempt that acreage limit for lands purchased with natural

resource damage and restoration funds. Right now this bill applies to certain environmentally damaged land in southeast Kansas from lead mining activities. Reclamation can proceed and this land can be opened to public recreation. This bill passed the Senate Natural Resources committee.

Senate Bill 124 deals with land spreading of oil and gas drilling waste. The bill had a sunset provision that was removed. The bill was amended to require the Kansas Corporation Commission and the Kansas Department of Health and Environment to report annually to the Legislature on land spreading activities. There is a lot of land spreading in Oklahoma but few regulations. Kansas plans to proactively monitor land spreading to limit future damage. The bill was amended to say that a seller must report to any buyer that land spreading had occurred. This bill passed the committee.

Senate Bill 227 adds a new section to the Kansas Water Appropriation Act to require the consideration of prior water conservation actions in implementing new management areas or programs and seeks to improve provisions of the Groundwater Management District Act related to Local Enhanced Management Areas (LEMAs). LEMAs are volunteer water conservation districts within Groundwater Management District Areas. Right now there is one established LEMA located in Sheridan County that covers about 100 square miles. Calculations document a 20% reduction in recent water use. One proposed LEMA in Scott County failed. This bill gives the Chief Engineer at the Kansas Department of Agriculture the rule and regulation flexibility to proceed with conservation goals for future LEMAs. The bill passed the committee.

SCHOOL FUNDING UPDATE

The block grant bill to fund public schools for 2016 and 2017 has not been released at this time. The Governor did order a reduction of 2% in school funding for this fiscal year that takes effect on March 7. This reduction amounts to a cut of \$42 per student from a base of \$3,852 per student.

RENEWABLE ENERGY PORTFOLIO STANDARD (RPS)

The attack on eliminating the RPS – that mandates 20% of peak electrical capacity come from renewable sources by 2020 – has begun. House Bill 2373 and Senate Bill 253 would eliminate the RPS on January 1, 2016. A related bill – Senate Bill 257 – would set a 10 year limit on property tax exemptions for renewable resources or technologies. Right now wind farms are property tax exempt but pay special fees to the county they are located in. These bills are all exempt from legislative deadlines so committee action will probably start the first or second week of March. Please join us next Wednesday – February 25 – for ‘Kansans for Clean Energy’ day at the Capitol.

MEDICAID EXPANSION UPDATE

House Bill 2270 - from the House Vision 2020 committee that expands Medicaid (KanCare) - has been assigned to the House Health and Human Services committee. It is not scheduled for a hearing next week. Unless HB 2270 is sent to a blessed committee such as Taxation, Appropriations or Federal and State Affairs, the deadline for House bills moving to the Senate is February 27. This means that HB 2270 will lay over to the 2016 session for further debate.

House Bill 2319 - introduced by Rep. Don Hill in House Appropriations – amends existing law so that the Kansas Legislature does not have to approve of Medicaid expansion. The decision for expansion would be up to the Governor. HB 2319 has also been referred to the House Health and Human Services committee. Since HB 2319 is a House Appropriations bill - it is blessed and could be worked this year if the Chair of Health and Human Services will give it a hearing.

SALES TAX EXEMPTION ON FARM PRODUCTS SOLD AT FARMERS' MARKETS

House Bill 2283 was introduced by Rep. Jerry Henry on February 10 and assigned to the House Taxation committee the same day. House Taxation is an exempt committee so this bill could be considered this year.

WEEK of FEBRUARY 23 – 27, 2015

(Note: February 27 is the half way point in this legislative session and the final day for bills – that are not blessed – to move from the first chamber. There will be regular committee hearings Monday through Wednesday. On Thursday and Friday – the House and Senate will have day long floor action working several bills to beat the deadline. There have now been a total of 260 Senate and 382 House bills introduced.